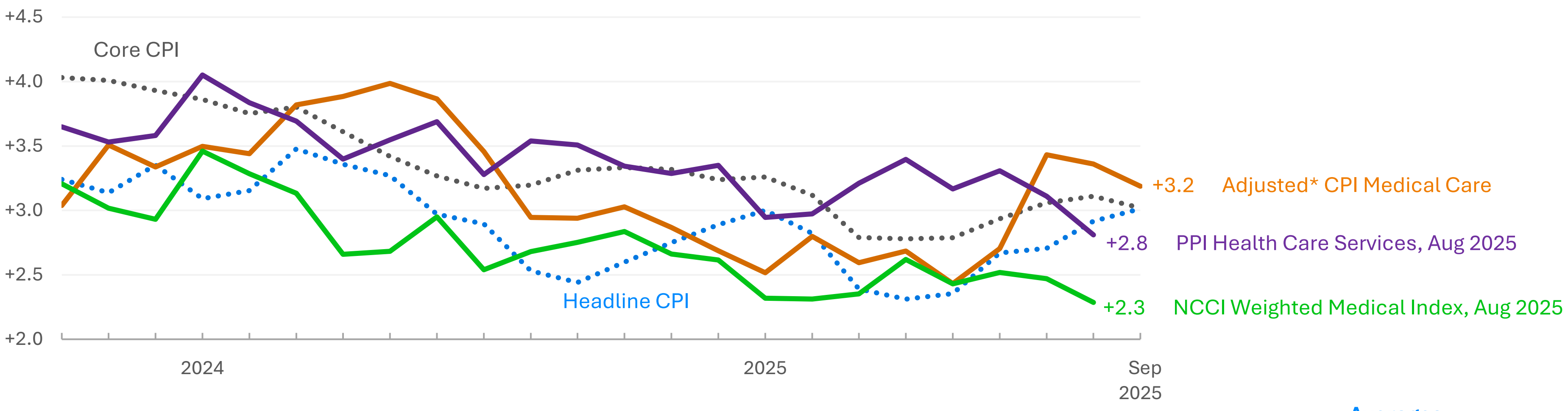
NCCI MEDICAL INFLATION INSIGHTS

October 2025

Aggregate Measures of General and Medical Inflation

Year-Over-Year Change, Percent



Inflation Aggregates (y/y %)	Mar	Apr	May	Jun	Jul	Aug	Sep
Headline CPI	2.4	2.3	2.4	2.7	2.7	2.9	3.0
Core CPI	2.8	2.8	2.8	2.9	3.1	3.1	3.0

1

Averages

1-Year	3-Year	5-Year	2015–19
2.7	3.6	4.4	1.6
3.1	4.0	4.1	2.0

Medical Inflation Aggregates (y/y %)	Mar	Apr	May	Jun	Jul	Aug	Sep
Adjusted* CPI Medical Care	2.6	2.7	2.4	2.7	3.4	3.4	3.2
PPI Health Care Services	3.2	3.4	3.2	3.3	3.1	2.8	---
NCCI WC Weighted Medical Index	2.4	2.6	2.4	2.5	2.5	2.3	---

2

Averages

1-Year	3-Year	5-Year	2015–19
2.9	3.1	2.8	2.4
3.2	3.2	3.1	1.6
2.5	2.6	2.5	1.2

*Adjusted Medical CPI removes CPI Health Insurance from CPI Medical Care

Sources: US Bureau of Labor Statistics and NCCI's Medical Data Call; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point

1. Despite the ongoing government shutdown, the Consumer Price Index (CPI) for September was released late in October because the Social Security Administration required the data to set cost-of-living adjustments for outgoing payments.

   Headline inflation rose to 3% year over year in September, while core prices grew at a similar pace through most of the second and third quarter. While this pace of price increases remained above the Fed's 2% target, inflation remained much lower than what was experienced in 2022.

   Price pressures from tariffs so far have been moderate. Core goods prices have accelerated over the past two quarters; however, price growth for core services has moderated some and offset the rise in goods inflation.

2. Medical price growth moderated some in the third quarter through August. Prior to the data blackout, the Producer Price Index (PPI) for health care services and the WCWMI both saw price growth soften from a year ago. Given the broader economic backdrop, we believe it's less likely that medical price growth will maintain these low inflation rates in 2026.

Details on Page 2.

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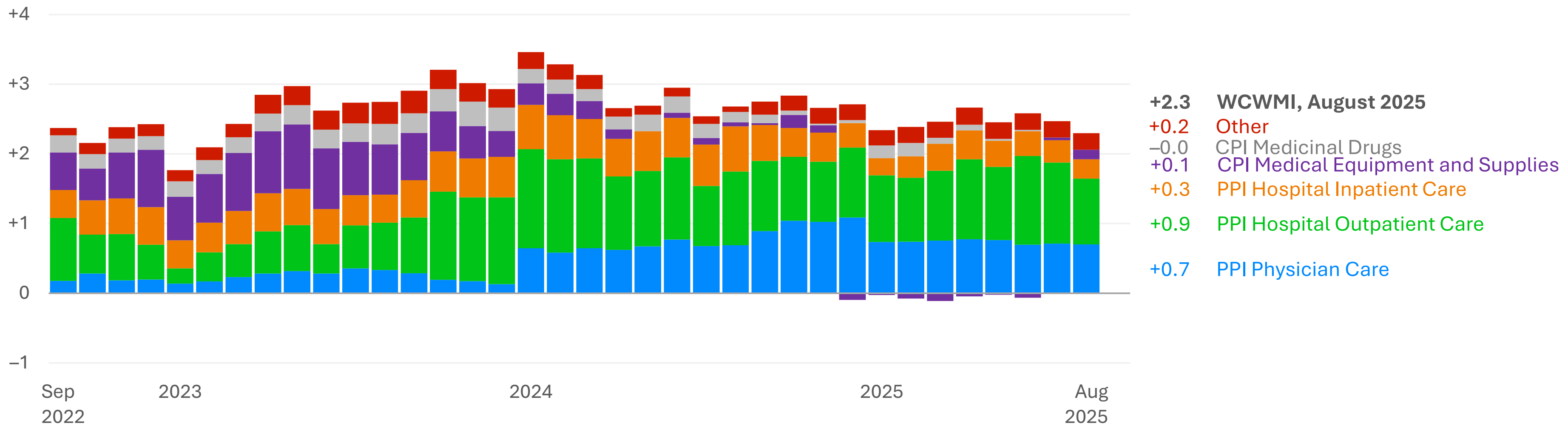
Workers Compensation Weighted Medical Price Index (WCWMI)

Component Contributions to the Year-Over-Year Change, Percent



Medical Care Details (y/y %)		Mar	Apr	May	Jun	Jul	Aug	Sep		Averages: 1-Year	3-Year	5-Year	2015–19
100%	NCCI WC Weighted Medical Index	*2.4*	*2.6*	*2.4*	*2.5*	*2.5*	*2.3*	---	1	*2.5*	*2.6*	*2.5*	*1.2*
40%	PPI Physician Care	*1.9*	*1.9*	*1.9*	*1.7*	*1.8*	*1.8*	---		*2.1*	*1.3*	*1.7*	*0.5*
27%	PPI Hospital Outpatient Care	*3.7*	*4.3*	*3.9*	*4.7*	*4.3*	*3.5*	---	2	*3.8*	*3.4*	*3.4*	*1.7*
12%	PPI Hospital Inpatient Care	*3.2*	*3.4*	*3.1*	*3.0*	*2.7*	*2.3*	---		*3.0*	*3.9*	*3.7*	*2.1*
9%	CPI Medical Equipment and Supplies	*–1.2*	*–0.5*	*–0.2*	*–0.7*	*0.4*	*1.5*	*0.8*		*0.1*	*3.6*	*1.9*	*0.3*
7%	CPI Medicinal Drugs	*1.2*	*1.1*	*0.3*	*0.3*	*0.0*	*–0.2*	*0.6*	3	*0.9*	*2.5*	*1.6*	*2.2*
5%	Other*	*4.6*	*4.9*	*4.8*	*4.8*	*4.7*	*4.7*	---		*4.6*	*4.3*	*3.4*	*1.9*

*Other is represented as long-term care (PPI Home and Hospice Care and PPI Nursing Home Care)

Sources: US Bureau of Labor Statistics and NCCI's Medical Data Call; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point

1. Medical prices as measured by the WCWMI grew near 2.5% for all of 2025 through August. This pace of price growth is lower than what was experienced in both 2023 and 2024.

2. The moderate pace of price growth in 2025 is a result of softening price growth for hospital services. Both inpatient and outpatient care have seen price growth decelerate in 2025.

   Based on historical trends and the broader economic backdrop, we believe this softening as more likely to be temporary than a new emerging trend. Should hospital services price growth rise back into the 4% to 5% range next year and other categories remain constant, overall price growth would be closer to 3% rather than the current 2.5%.

3. In the third quarter, the President announced that tariffs will only apply to branded and patented drugs and that any company building production facilities in the United States will be exempt.

   With the prevalence of generic drugs and existing plans from major manufacturers to produce locally, we believe tariffs present a diminished risk to drug price increases.

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